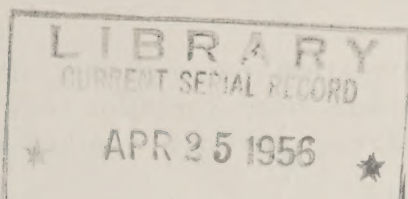


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Meat and milk production are headed for another record-breaking year.

Increased output per cow resulted in 7% more milk in January and February than in the same months last year. Total for the year is expected to be between 126 and 127 billion pounds compared with 123 1/2 billion last year.

Tending to boost output are the improved price relationships of dairying. The milk-feed price ratio is higher than a year ago. Lower prices for hogs and some other products that are alternative enterprises on dairy farms also have made milk production more attractive. The trends toward better cows, better feeding, better management continue to stimulate production.

Increase in output is expected to be about matched by increase in consumption. As a result, CCC probably will buy about the same amount of dairy products for price support in the next year as in the last -- the equivalent of about 5 billion pounds of milk. Support prices for the April, 1956-March, 1957 year will be the same as in 1955-56. Prices to farmers also are likely to be about the same.

More milk at about the same average price will mean higher cash receipts from dairying in 1956 than in 1955. Receipts also rose slightly from 1954 to 1955.

Record beef production this year is expected to result from the increased inventory of cattle and calves on farms January 1. Most of the increase over a year earlier...873,000 head...was in beef calves and steers, the bulk of which will be slaughtered this year. More cattle will be marketed off grass this year than last. Prices of middle and lower grades are likely to stay below last year in most months.

Pork production also will show an increase, with the gain coming in the first half of this year. Last fall's pig crop, now being marketed, was 12% above the 1954 fall crop. In the last half of 1956, pork production may fall below a year earlier since farmer's intend a 2% reduction in this spring's pig crop. Hog prices the first half of this year will stay below a year earlier but the seasonal decline next fall is not likely to be as sharp as in 1955.

High poultry production also is likely this year. An increased hatch of chicks for laying flock replacement is underway, which means larger egg production in the last half of 1956 than a year earlier. Early season indications point to a bigger turkey crop than in 1955. Broiler production so far this year is running well above a year ago.

A smaller acreage will be planted to feed grains this spring than last, according to farmers' intentions about March 1. Reductions are planned for corn, oats, barley...a slight increase for sorghums for all purposes. Total acreage intended for the 4 crops is 3 1/2% below that planted in 1955. Other crops for which farmers are planning smaller acreages: Rice, potatoes, sweetpotatoes, tobacco, dry beans, peanuts.

An 11% increase in soybean acreage is planned by farmers, which would be another new record. Other increases: Spring wheat, flaxseed, dry peas, hay and sugar beets.

Farmers' intentions and other information indicates that total acreage in 59 principal crops this year will total about 352 million, over 3 million less than last year and smallest since 1942. However, changes in farm programs, weather and other factors may cause farmers to change their plans.

FATS AND OILS. Record world demand has boosted prices for U. S. soybeans and food fats and oils. Shipments abroad are being stimulated by short olive crops in Mediterranean, reduced output of sunflower seed in Argentina, Government export programs and high economic activity in Europe. Export demand for flaxseed also is strong and prices have increased about a fifth since September.

FEED. Prices have changed little the last few weeks and have averaged 15 to 20% below a year ago. Because of the reduction, most livestock product-feed price ratios are higher than a year ago. The main exception is the hog-corn ratio.

WHEAT. Supplies in commercial hands will be limited until harvest because of the large quantities placed under price support. Prices, now generally near the season's highs, may advance further.

POTATOES. Stocks of old potatoes have been worked down to the point where they are not much different than a year earlier. Market prices have risen to near last year's level.

Acreage for late spring harvest is likely to be down about 7% from last year, according to farmer's intentions. This indicates total supplies in late spring probably will be no larger than last year. In this case, prices probably will be near the 1950-54 average but well below the high levels of a year earlier when bad weather boosted prices.

COTTON. Prices have risen this season as stocks have accumulated in Government hands. The average 14 spot market price for middling 15/16 inch reached 35.53 cents per pound on March 20, the highest of the season.

U. S. mill consumption of cotton through February totaled about 5.4 million bales compared with 5.1 a year earlier. Prospects are that mill use will continue at a high rate the remainder of the season. Exports, on the other hand, continue to move slowly. The total through January this season was only about 38 percent of those for the same period last year.

CCC owned cotton will be sold for export at competitive prices during the 1956-57 marketing year, USDA has announced.

TOBACCO. Largest exports of unmanufactured tobacco since 1946-47 are in prospects for this fiscal year. Total for first 7 months was up a fourth from same period last year. Sales for foreign currencies are contributing to the increase but demand from countries not in this program also is stronger.

PRICES. Stability features the price situation in farm, wholesale and retail markets. Prices received by farmers averaged the same in January and February...slightly higher than in December. Recent changes in wholesale prices have been small. The consumer price index has varied less than 1% in more than 2 years as food prices drifted lower while prices of most other commodities rose a little.

Business activity leveled off in the early months of this year, as further expansion in business investment and Government expenditures was offset by reduced output of cars and houses. Recently, auto sales have picked up and the decline in home building has halted. Further increases in business investment are expected.